

End Junk Fees for Renters Act

To end anti-consumer practices by landlords and give renters power to drive down the cost of rent.

The cost of housing for renters is too high. Added and surprise fees imposed on tenants make renting that much more stressful and less affordable and make it more difficult to comparison shop. From application, pest, and late fees to check cashing surcharges and charges in lieu of a security deposit, junk fees from landlords are excessive, confusing, and dishonest and we must put an end to them.

Background: The list of junk fees for renters is long and growing. Among them are excessive application fees that turn a profit for landlords, fees which can limit options for renters and strain household budgets, especially for renters in tight markets where renters must submit multiple applications. This is a matter of racial equity. In addition to applying to more units, 73 percent of Black and Hispanic renters and 84 percent of Asian renters pay an application fee, compared with 56 percent of white renters¹.

The lack of transparency about the true cost of living somewhere takes power away from tenants. When landlords are required to be transparent about the full cost and the landlord's previous rent increases, tenants can hold them accountable for dishonesty and favor landlords with better practices and lower prices, improving the rental market for tenants. Requiring disclosure of ongoing issues with pests and maintenance will push landlords to address these issues in a timely manner.

Nine out of ten landlords run credit checks on potential tenants, often automatically rejecting applicants who have lower credit scores, despite research showing credit scores are not the best predictor of a tenant's ability to pay rent². Using credit data for rental housing perpetuates inequities that are the result of historic discrimination.

The **End Junk Fees for Renters Act** cracks down on junk fee profiteering by landlords and gives power to tenants. Specifically, the legislation, at all covered properties:

- Cracks down on junk fees by banning application and screening fees;
- Puts an end to late fee profiteering by requiring late fees apply as credit to next month's rent;
- Prohibits credit score screening in the rental application process;
- Requires that landlords disclose in the rental contract:
 - Past and present litigation with tenants;
 - Ongoing pest and maintenance issues;
 - Rent increase percentages year after year over the last ten years; and
 - The total amount that will be due each month, which will put an end to surprise fees.
- The bill also requires Consumer Financial Protection Bureau rulemaking to define unfair and deceptive fees imposed on tenants and bars debt collectors from supplying that prohibited information.

Average rent prices have increased by over 75 percent since the 1980s, significantly outpacing wage growth³. Renters deserve to live with dignity, to know the full cost of an apartment up front, and to have more power to drive costs down.

¹ Shroyer, A. and Kimmey, C. Policy & Practice: Transparency in Rental Fees. *U.S. Department of Housing and Urban Development*. July 2023.

² Nelson A. and Wu C. Too Damn High: How Junk Fees Add to Skyrocketing Rent. *National Consumer Law Center*. 2023. <https://www.nclc.org/resources/too-damn-high-how-junk-fees-add-to-skyrocketing-rents/>

³ Larsen, D. and Molloy R. Differences in Rent Growth by Income 1985-2019 and Implications for Real Income Inequality. *Board of Governors of the Federal Reserve System*.